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1 February 1968

Working Group I

Draft Report of Working Group I

(First part)

Rapporteur: Mr. H.J. KRISTENSEN (Denmark)

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ND.68-1784

INTRODUCTION

1. At its 64th plenary meeting on 22 February 1968 the Conference established Working Group I with the following membership: Algeria, Argentina, Australia, Barbados, Belgium, Brazil, Bulgaria, Cambodia, Canada, Central African Republic, Ceylon, Chile, Congo (Democratic Republic of), Czechoslovakia, Denmark, Ecuador, Ethiopia, Federal Republic of Germany, Finland, France, Ghana, Guinea, Guyana, Holy See, Hungary, India, Indonesia, Italy, Jamaica, Japan, Kenya, Lebanon, Malaysia, Madagascar, Mexico, Netherlands, New Zealand, Norway, Pakistan, Poland, Republic of Viet-Nam, Romania, Rwanda, Somalia, Spain, Sudan, Sweden, Switzerland, Thailand, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay and Yugoslavia. It was agreed that any representative of any country member of UNCTAD interested in the Working Group's deliberations would be free to participate in its proceedings.

2. The Conference referred to the Working Group for consideration and report items 9(f) and 9(h) of the agenda, [in conformity with the recommendation made by the Trade and Development Board at its fifth session (A/6714, part one, paragraph 22 (iii)]. Items 9(f) and 9(h) of the agenda, as adopted, read as follows: "The world food problem - its relationship to international trade, export earnings and economic development of developing countries: measures to assist them to increase their food production and to improve the conditions for its distribution and marketing"; "Transfer of Technology, including know-how and patents".

3. At its first meeting on 26 February the Working Group elected as its Chairman Mr. Domingo Santa Maria (Chile); Mr. Petre Tanasie (Romania) as its Vice-Chairman and Mr. H.J. Kristensen (Denmark) as Rapporteur.

4. The Working Group held meeting from 26 February to March 1968, in the course of which it considered item 9(f).

5. The Working Group decided to deal first with item 9(f) (TD/II/WG.I/L.1) as suggested by the Chairman, with the following order of business:

1. Situation and prospects;
2. Relationship to trade, export earnings and economic development of developing countries;
3. Measures to assist developing countries to increase their food production and to improve the condition for its distribution and marketing.

6. The representatives of the Food and Agriculture Organization and the Secretary-General of the United Nations Conference on Trade and Development made statements introducing agenda item 9(f).

Chapter I

7. All the participants in the debate emphasized the importance of the food problem, and the urgent need for its solution. A number of representatives stated that the food problem had an important bearing on general economic development. They pointed out that it reflected sometimes the less satisfactory performance of the agricultural sector, which, in most developing countries, accounted for more than half of the national income and employment, and for over 70 per cent of foreign exchange earnings.

8. Reference was made to the fact that a sizeable proportion of world population suffered from hunger and malnutrition and that in many developing countries a high proportion of foreign exchange earnings was spent on food imports. In view of the chronic foreign exchange shortage of these countries, food imports competed with, and were likely to displace, imports of capital goods and raw materials essential for development. Referring to studies and projections made by the Food and Agriculture Organization and other bodies some representatives expressed the fear that the continuation of present trends would lead to a further deterioration in the world food situation, with grave consequences in terms of human suffering and economic development.

9. Analyzing the causes of the problem a number of delegations mentioned the high rate of population growth. Others, while agreeing that the demographic factor could not be ignored in the context of the food problem, tended to underline the relatively slow growth of food production.

10. There was general agreement that developing countries should, in the formulation of balanced and integrated plans, pay special attention to the requirements of the agricultural sector taking account of the urgency of the food problem and the important role of this sector in overall development.

11. Many representatives emphasized the importance of incentives for the expansion of food production. They stressed the need for land reform and for a modernization of the structures and systems of land tenure and land use. Some referred to the need for the reconsideration of food pricing policies with due regard to the interests of both food producers and food consumers. They also mentioned the value of diversification from crops in oversupply to basic foods and commodities with good demand prospects.

12. A few representatives expressed the view that agricultural protectionism in the developed market economy countries lay at the root of the food problem. They stated that high protective walls severely limited marked outlets in developed countries, depressed prices and acted as a disincentive in a number of developing countries. According to this view the improvement in conditions of market access and in the terms of trade of developing countries ranked high in the order of priorities if food production was to be stimulated.

13. There was general agreement that food production could be substantially increased in developing countries by the improvement of infrastructure including transport, marketing, storage, distribution facilities, research and extension services. There was consensus on the need to stimulate the provision and utilization of fertilizers, pesticides, improved seeds, agricultural equipment and machinery. Some representatives underlined the key role of agricultural credit and the need to develop more effectively water resources and irrigation facilities in developing countries.

14. Many representatives expressed the view that developing countries should pay special attention to the establishment of agro-allied industries, including those supplying the agricultural sector with fertilizers and pesticides as well as those processing agricultural output. Some stressed the need for the balanced growth of the agricultural and non-agricultural sectors of the developing economies.

15. Most representatives agreed that the responsibility for increasing food production lies primarily on the developing countries themselves. They stressed, however, the need for technical and financial assistance from developed countries and international institutions if developing countries were to succeed in solving the food problem.

16. Aid to agriculture was referred to in most statements. A number of representatives stated that developed countries should provide more assistance, technical and financial, to developing countries in their efforts to modernize the agricultural sector, should include in their aid programmes provisions for increasing the supply of agricultural requisites of agro-allied industries in developing countries. Some representatives underlined the importance of gradual adjustment in the production and trade policies followed in developed countries.

17. The debate on food aid reflected a large measure of agreement. Most delegations agreed that food aid played a key role in mitigating the food problem of the principal food-deficit countries. They stressed the need for the continuation of food aid on a multilateral as well as a bilateral basis as capital for economic development and to meet emergency and chronic food shortages. They agreed that food aid could only be a temporary measure and that the long-term solution lay in the expansion of food production in the deficit countries. Some delegations stressed the need for ensuring that food aid did not have an adverse effect on food production in the receipient countries.

18. Some representatives expressed the view that food aid should be a responsibility shared among developed countries, both importers and exporters of food. They referred to the food aid convention incorporated in the International Grains Arrangement, 1967, as an example of the principle of international responsibility for food aid.

19. The representatives of some developing and developed countries stated that their countries had the capacity to produce efficiently larger exportable food surpluses which could be made available for aid purposes under suitable international financing arrangements. They pointed out that food-deficit countries should not aim at self-sufficiency in food production except when economic conditions justify such policies. They also emphasized that food aid programmes should not disrupt normal commercial markets.

20. Some representatives stressed the need for building up national emergency reserves of food grains to meet exceptional situations arising from crop failures, prolonged droughts and other natural calamities. In their view developed countries and international organizations should assist developing countries in building up such emergency reserves.

21. Some representatives expressed the view that food aid should be given on a grant basis or at least provided on terms which took into account the capacity of the recipient countries to make repayment.

22. The need for the expansion of multilateral food aid and its canalization through the World Food Programme was alluded to in many statements.

[The text of the recommendation on item 9(f) of the Working Group will be issued as an addendum to this document.]

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United Nations Conference on Trade and Development

Working Group I

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Draft Report of Working Group I

(Second part)

Rapporteurs: Mr. H.J. KRISTENSEN (Denmark)
Mr. H. EWERLOF (Sweden)

Chapter II

TRANSFER OF TECHNOLOGY, INCLUDING KNOW-HOW AND PATENTS
(Item 9(h) of the Conference Agenda)

1. At the outset of the discussion of this item the representative of the United Nations Department of Economic and Social Affairs made a statement on the activities of the Department carried out under the priority programme formulated by the United Nations Advisory Committee on the Application of Science and Technology to Development pursuant to Annex A.IV.26 to the Final Act of the first session of UNCTAD and relevant resolutions of the General Assembly. This programme highlighted the problems related to the terms and effectiveness of acquiring foreign technology, measures for reducing the costs of such transfers, means for expanding domestic research capacity, and the strengthening of the requisite international and national institutional structures.

2. There was general agreement on the importance to developing countries of acquiring suitable foreign technology under conditions acceptable to all parties concerned, including terms which would not unduly burden the balance of payments of recipient countries. It was also generally recognized that the transfer of technology should be complemented by a strengthening of related research and development activity in developing countries as a basis both for adapting foreign, and for promoting indigenous, technology.

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3. Representatives of developing countries expressed their serious concern at the growing technological gap between developed and developing countries. They pointed to the considerable volume of expenditure on research and development in the major industrial countries of the world, including expenditure on space research and defence which directly or indirectly gave a strong impetus to technical innovation. The implications of modern technology on the size of plant in developing countries and the need for its adaptation to conditions prevailing in these countries was also stressed. It was also suggested that in acquiring foreign technology developing countries should apply a restrictive and selective approach. Representatives of some developing countries pointed out that with the formation of multi-national corporations the transfer of technology tended to become a matter of internal company organization, which raised issues involving the national policies of developing countries.

4. Representatives of developed market economy countries pointed out that their governments had no direct control over arrangements between private enterprises in their countries and enterprises in developing countries, since these were so essentially commercial matters. However, they assisted their industrialists in various ways, such as by finding suitable partners in developing countries and providing technical assistance to the latter. They suggested that it was necessary to look not only at the direct balance of payments cost to developing countries of the transfer of technology (which, they maintained, was not always necessarily so high) but also at the wider benefits that would accrue. The representative of one developed market economy country suggested that, judging from his country's experience of industrialization, the problem was not only one of transferring technology on terms which took into account on the one hand the necessity to reward inventors and encourage expenditure on research and on the other hand the limited capacity of developing countries to pay for the technology they wished to acquire. It was equally important that developing countries should have the capacity to absorb new technology, which called for a cadre of well trained technicians and scientists. In his view, co-operation with the private sector in developed countries was essential, and adequate compensation had to be offered for their expenditure on research and development.

5. The representative of a socialist country of eastern Europe, while expressing his support of the Charter of Algiers with respect to technology, stressed the need for international action to reduce the obstacles to the transfer of technology to developing countries.

6. Representatives of a number of countries considered that the legislative and other procedures for transferring patented technology were unnecessarily cumbersome and based on antiquated laws which were often inappropriate to modern conditions of production. In this connexion several representatives noted the work of the United Nations and of the International Union for the Protection of Industrial Property (BIRPI) in seeking to improve the legislative framework in the industrial property field.

7. The proposal of the United Nations Advisory Committee on the Application of Science and Technology to Development that technology transfer centres should be established was generally welcomed. Representatives of some developing countries felt that since activities connected with science and technology were distributed among a number of United Nations bodies and other intergovernmental and non-governmental organisations, there was need for an intergovernmental body responsible for an overall consideration of the application of science and technology to development. One of these representatives considered that a special United Nations agency for technology should be established, possibly under the auspices of UNIDO, while the representative of another developing country thought that the subject could receive proper attention only if an international conference were convened. It was suggested by the representative of yet another developing country that an UNCTAD Study Group should be established to review the work of the different agencies and make concrete proposals for joint action within a specified period. Representatives of developed market economy countries doubted whether new institutional machinery was necessary, since at best it would serve only as a clearing house and in any case would encourage the duplication of activities. They also questioned the value of a special conference. One of these representatives stated that the results of the programme of pilot and other studies in progress in the United Nations Secretariat in response to General Assembly resolution 2091 (XX) should first be assessed before further action was contemplated.

8. The representative of UNESCO, speaking under rule 80 of the rules of procedure the Conference, gave an account of the activities of his organization in the dissem of scientific and educational documentation and the supply of equipment. He also emphasized the importance of training technical and scientific personnel. Under the same rule, the representative of the International Union for the Protection of Indus Property (BIRPI) outlined the technical assistance programme of his organization and referred specifically to the BIRPI model laws on patents and trade marks drawn up in response to paragraph 2 of the recommendation contained in Annex A.IV.26 to the Fina of the first Conference.

9. The representative of the International Chamber of Commerce, speaking under rul of the rules of procedure of the Conference and in connexion with the reference made multi-national corporations and the transfer of technology and know-how, stated that organization had commissioned a study of that question.

10. [At its meeting the Working Group].

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(First part)

Rapporteurs: Mr. H.J. KRISTENSEN (Denmark)
Mr. H. EWERLOF (Sweden)

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Introduction

Chapter I: The world food problem - its relationship to international trade, export earnings and economic development of developing countries: measures to assist them to increase their food production and to improve the conditions for its distribution and marketing (item 9(f) of the Conference agenda.)

Chapter II: Transfer of technology, including know-how and patents (item 9(h) of the Conference agenda)

Annex List of documents prepared for and during the deliberations of Working Group I

ND.68-2367

INTRODUCTION

1. At its 64th plenary meeting on 22 February 1968 the Conference established Working Group I with the following membership: Algeria, Argentina, Australia, Barbados, Belgium, Brazil, Bulgaria, Cambodia, Canada, Central African Republic, Ceylon, Chile, Congo (Democratic Republic of), Czechoslovakia, Denmark, Ecuador, Ethiopia, Federal Republic of Germany, Finland, France, Ghana, Guinea, Guyana, Holy See, Hungary, India, Indonesia, Italy, Jamaica, Japan, Kenya, Lebanon, Malaysi Madagascar, Mexico, Netherlands, New Zealand, Norway, Pakistan, Poland, Republic of Viet-Nam, Romania, Rwanda, Somalia, Spain, Sudan, Sweden, Switzerland, Thailand, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay and Yugoslavia. It was agreed that any representative of any country member of UNCTAD interested in th Working Group's deliberations would be free to participate in its proceedings.

2. The Conference referred to the Working Group for consideration and report items 9(f) and 9(h) of the agenda, in conformity with the recommendation made by the Trade and Development Board at its fifth session (A/6714, part one, paragraph 22(ii Items 9(f) and 9(h) of the agenda, as adopted, read as follows: "The world food problem - its relationship to international trade, export earnings and economic development of developing countries: measures to assist them to increase their food production and to improve the conditions for its distribution and marketing"; "Transfer of Technology, including know-how and patents".

3. At its first meeting on 26 February the Working Group elected as its Chairman Mr. Domingo Santa Maria (Chile); Mr. Petro Tanasie (Romania) as its Vice-Chairman an Mr. H.J. Kristensen (Denmark) as Rapporteur. At the sixth meeting on 8 March the Working Group elected Mr. H. Ewerlof (Sweden) as Rapporteur on account of the departure of Mr. H.J. Kristensen.

4. The Working Group held meeting from 26 February to March 1968, in the course of which it considered item 9(f).

5. The Working Group decided to deal first with item 9(f) (TD/II/WG.I/L.1) as suggested by the Chairman, with the following order of business:

1. Situation and prospects
2. Relationship to trade: export earnings and economic development of developing countries.

3. Measures to assist developing countries to increase their food production and to improve the conditions for its distribution and marketing.

(a) National measures in developing countries

(b) International co-operation

(i) Food aid

(ii) Aid to Agriculture

(iii) Trade measures for access

During the discussion some representatives pointed out the difficulties arising from the fact that certain aspects of the problem were being simultaneously considered by the Committees of the Conference, in particular the First, Second and Third Committees. Notwithstanding the various interventions to this effect, the Working Group agreed, at the suggestion of the Chairman, that it should deal with all the aspects of the problem.

6. The representatives of the Food and Agriculture Organization and the Secretary-General of the United Nations Conference on Trade and Development made statements introducing agenda item 9(f).

Chapter I

7. All the participants in the debate emphasized the importance of the food problem, and the urgent need for its solution. A number of representatives stated that the food problem had an important bearing on general economic development. They pointed out that it reflected sometimes the less satisfactory performance of the agricultural sector, which, in most developing countries, accounted for more than half of the national income and employment, and for over 70 per cent of foreign exchange earnings.

8. Reference was made to the fact that a sizeable proportion of world population suffered from hunger and malnutrition and that in many developing countries a high proportion of foreign exchange earnings was spent on food imports. In view of the chronic foreign exchange shortage of these countries, food imports competed with, and were likely to displace, imports of capital goods and raw materials essential for development. One delegate pointed out that the balance of payment situation in the recipient country should be taken as a criterion for granting Food aid. Referring to studies and projections made by the Food and Agriculture Organization and other bodies some representatives expressed the fear that the continuation of present trends would lead to a further deterioration in the world food situation, with grave consequences in terms of human suffering and economic development.

9. Analyzing the causes of the problem a number of delegations mentioned the high rate of population growth. Others, while agreeing that the demographic factor could not be ignored in the context of the food problem, tended to underline the relatively slow growth of food production. Some delegates stressed that the developing countries should give consideration to population control measures and that developed countries should assist in providing migration outlets for developing countries.

10. There was general agreement that developing countries should, in the formulation of balanced and integrated plans, pay special attention to the requirements of the agricultural sector taking account of the urgency of the food problem and the important role of this sector in overall development.

11. Many representatives emphasized the importance of incentives for the expansion of food production. They stressed the need for land reform and for modernization of the structures and systems of land tenure and land use. Some referred to the need for reconsideration of price policies with due regard to the interests of both food producers and food consumers. They also mentioned the value of diversification from crops in oversupply to basic foods and commodities with good demand prospects.

12. Some representatives expressed the view that agricultural protectionism in the developed market economy countries lay at the root of the food problem. They stated that high protective walls severely limited market outlets in developed countries, depressed prices and acted as a disincentive in a number of developing countries. According to this view the improvement in conditions of market access and in the terms of trade of developing countries ranked high in the order of priorities if food production was to be stimulated. Some other representatives pointed out the contradiction between the necessity to expand food aid from developed countries and the desire expressed by certain representatives that the developed countries which at present are providing an important aid should reduce their agricultural production. Moreover, they felt that the solution of the world food problem should not be related to the agricultural policies of individual countries or groups of countries.

13. There was general agreement that food production could be substantially increased in developing countries by the improvement of infrastructure including transport, marketing, storage, distribution facilities, research and extension services. There was consensus on the need to stimulate the provision and utilization of fertilizers, pesticides, improved seeds, agricultural equipment and machinery. Some representatives underlined the key role of agricultural credit and the need to develop more effectively water resources and irrigation facilities in developing countries. Stress was also laid on the development of human resources so as to ensure the effective utilization of material resources.

14. Many representatives expressed the view that developing countries should pay special attention to the establishment of agro-allied industries, including those supplying the agricultural sector with fertilizers and pesticides as well as those processing agricultural output. Some stressed the need for the balanced growth of the agricultural and non-agricultural sectors of the developing economies.

15. Most representatives agreed that the responsibility for increasing food production lies primarily on the developing countries themselves. They stressed, however, the need for technical and financial assistance from developed countries and international institutions if developing countries were to succeed in solving the food problem.

16. Aid to agriculture was referred to in most statements. A number of representatives stated that developed countries should provide more assistance, technical and financial, to developing countries in their efforts to modernize the agricultural sector, should include in their aid programmes provisions for increasing the supply of agricultural requisites of agro-allied industries in developing countries. Some representatives underlined the importance of gradual adjustment in the production and trade policies followed in developed countries.

17. The debate on food aid reflected a large measure of agreement. Most delegations agreed that food aid played an important role in mitigating the food problem of the principal food-deficit countries. They stressed the need for the continuation of food aid on a multilateral as well as a bilateral basis as capital for economic development and to meet emergency and chronic food shortages. Many delegates stressed that multilateral food assistance programmes should consider the purchase of foodstuffs from food exporting developing countries. It was agreed that food aid could only be a temporary measure and that the long-term solution lay in the expansion of food production in the food-deficit countries. Some delegations stressed the need for ensuring that food aid did not have an adverse effect on food production in the recipient countries, nor on normal commercial operations, in particular in developing countries. Some delegations expressed the view that the proportion of cash contribution to multilateral assistance food programmes be substantially increased so that purchases of food stuffs could be made from food exporting developing countries. It was also pointed out by one delegation that such cash contributions should also be used for purchasing agricultural requisites from developing countries whenever feasible and economic. Another representative stressed that purchases within the framework of multilateral food assistance programmes should be made from the most efficient sources. Mention was made of the desirability of considering the inclusion in commodity agreements of provisions for food aid.

18. Some representatives expressed the view that food aid should be a responsibility shared among developed countries, both importers and exporters of food. They referred to the food aid convention incorporated in the International Grains Arrangement, 1967, as an example of the principle of international responsibility for food aid.

19. The representatives of some developing and developed countries stated that their countries had the capacity to produce efficiently larger exportable food surpluses which could be made available for aid purposes under suitable international financing arrangements. They pointed out that food-deficit countries should not aim at self-sufficiency in food production except when economic conditions justify such policies. They also emphasized that food aid programmes should not disrupt normal commercial markets.

20. Many representatives stressed the need for building up national emergency reserves of food grains to meet exceptional situations arising from crop failures, prolonged droughts and other natural calamities. In their view developed countries and international organizations should assist developing countries in building up such emergency reserves.

21. Some representatives expressed the view that food aid should be given on a grant basis or at least provided on terms which took into account the capacity of the recipient countries to make repayment.

22. The need for the expansion of multilateral food aid and its canalization through the World Food Programme was alluded to in many statements.

23. At the conclusion of the general debate on the subject, the Working Group decided to entrust a drafting committee with the task of preparing recommendations in the form of a resolution, a declaration or any other appropriate form. It was left to the Chairman to decide the composition of the committee. After consultations with delegations, the Chairman nominated Argentina, Chile, Holy See, India, Madagascar, Netherlands, Pakistan, United Arab Republic, United States, Union of Soviet Socialist Republics and Yugoslavia, as members of the Drafting Committee. On 11 March, the Drafting Committee submitted a text on the world food problem. After discussion in the Working Group, the following text was [adopted]: